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DOCKET FILE COPY ORIGINAL

July 12, 1994

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Washington, DC 20554

RE: Ex Parte Filing - CC Docket No. 93-129

Dear Mr. Caton:

The enclosed letter is in response to a request by Mr. Quaile of the Tariff Division of the Common Carrier Bureau in connection with the above docket. In it, GTE provides a breakdown of some SCP costs and notes the \$9.7 million in right-to-use fees. The letter also discusses reasons for cost differences from other local exchange carriers.

Two copies of this Notice are hereby filed with the Secretary of the Commission in accordance with Section 1.12306(a)(1) of the Rules. Please include this letter in the record of this proceeding.

I may be reached at (202) 463-5291 if further information is needed.

Sincerely,


F. Gordon Maxson
Director - Regulatory Affairs

C: Tom Quaile

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

July 11, 1994

Mr. Tom Quaile
Tariff Division
Federal Communications Commission
Washington, DC 20554

Dear Mr. Quaile:

This is in response to your questions concerning GTE's 800 Data Base SCP costs as submitted to the Commission as part of GTE's Direct Case and Cost Study Submission in CC Docket 93-129 and the comparison of such costs to other exchange carriers. GTE's SCP costs were delineated in Worksheet 3A and 3B in the cost study filed with the Commission on March 15, 1994.

These costs reflect SCP capitalized hardware, common expensed software and software dedicated solely to 800 data base services. The capitalized costs represent the necessary SCP processing and memory costs based on database sizing requirements. These costs were further allocated among other services utilizing the SCP functions. GTE also included a portion of common SCP software costs, again allocated among other services in the same manner as capitalized costs. Finally, approximately \$9.7 million in SCP 800-specific software costs were included representing software right to use expenses billed to GTE by Bellcore.

Comparisons between GTE's cost and the costs of other LECs are difficult to make without more detailed information. However, SCP and SMS related costs will vary between carriers based on their serving area characteristics. 800 records must be loaded in the database by LATA. For GTE, this requires the loading of all of the LATA's 800 records where it has a serving territory in that LATA. GTE's local exchange serving areas are widely dispersed throughout the country. Consequently, GTE serves in more LATAs than any other exchange carrier in the industry. SCP processing and memory costs incurred by GTE are a direct result of its relatively larger database storage requirements (approximately 95% of all 800 records are downloaded to GTE's database). 800 data base right to use fees were charged to GTE by Bellcore based on the number of access lines and number of records stored.

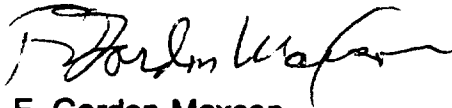
Mr. Tom Quaile
July 11, 1994
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The 800 data base costs that GTE has incurred and will incur directly reflect the characteristics of its networks, its relationships to software and hardware vendors, including Bellcore, and current and planned network capabilities. GTE is not certain what Bellcore has charged the BOCs or what advantage the BOCs have in receiving software support by their funding of Bellcore. However, the costs included in the SCP totals on Worksheet 3 are the amounts charged to GTE for the right to utilize software to implement 800 data base.

While the total number of access lines served by GTE is comparable to many of the BOCs, its serving territories are still predominately rural. Higher per unit query costs, in comparison to the BOCs, can be expected since 800 call volumes, as well as other SS7 related services, will naturally vary according to population density.

Please let me know if you need anything further.

Very truly yours,

A handwritten signature in dark ink, appearing to read "F. Gordon Maxson", written in a cursive style.

F. Gordon Maxson
Director-Regulatory Affairs